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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 05/22/08

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- (1) Poll on Fukuda cabinet, political parties, road-specific tax revenues, new health insurance system for elderly

YOMIURI (Page 11) (Full)

May 20, 2008

Questions & Answers

(Figures shown in percentage. Parentheses denote the results of a survey taken in April.)

Q: Do you support the Fukuda cabinet?

Yes 26.1 (30.0)
No 64.7 (58.4)
Other answers (O/A) 2.2 (2.9)
No answer (N/A) 7.0 (8.7)

Q: Which political party do you support now? Pick only one.

Liberal Democratic Party (LDP) 28.5 (30.6)
Democratic Party of Japan (DPJ or Minshuto) 18.4 (17.4)
New Komeito (NK) 2.1 (2.6)
Japanese Communist Party (JCP) 1.3 (1.7)
Social Democratic Party (SDP or Shaminto) 1.3 (0.5)
People's New Party (PNP or Kokumin Shinto) 0.2 (0.2)
New Party Nippon (NPN or Shinto Nippon) --- (0.2)
Other political parties --- (---)
None 47.6 (46.0)
N/A 0.7 (0.9)

Q: When would you like the House of Representatives to be dissolved for a general election?

As early as possible 29.1
After this July's G-8 summit 20.5

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By the end of this year 17.9
Before the current term of office ends in September 2009 24.6
N/A 7.9

Q: If an election were to be held now for the House of Representatives, which political party would you like to vote for in your proportional representation bloc?

LDP 27.6
DPJ 26.2
NK 2.1
JCP 2.6
SDP 1.6
PNP 0.3
NPN 0.2
Other political parties ---
N/A 0.7

Q: What kind of government would you like to see now? Pick only one.

The current LDP-Komeito coalition government 18.7
A DPJ-led coalition government of opposition parties 18.2
The LDP's single-party government 6.1
The DPJ's single-party government 5.0
A coalition government centering on the LDP and the DPJ 18.2
A government under a new framework of political parties after realigning the ruling and opposition parties 18.7
O/A 0.4
N/A 14.9

Q: The gasoline surcharge has now been restored. Do you think it's good?

Yes 25.4
No 66.0
N/A 8.5

Q: "We will have to dissolve the irresponsible state that sustains a shortfall of revenues." This is Prime Minister Fukuda's account for why the government and ruling coalition reinstated the gasoline surcharge. Is this account convincing?

Yes 19.6
No 73.6
N/A 6.8

Q: Do you support the idea of incorporating gasoline and other road-specific tax revenues into the state's general account?

Yes 62.7
No 28.6
N/A 8.7

Q: Do you support the newly introduced health insurance system for the elderly?

Appreciate very much 6.5
Appreciate somewhat 23.1
Don't appreciate very much 34.1
Don't appreciate at all 34.5

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N/A 1.7

Q: Do you think the government well prepared and accounted for the new health insurance system before its introduction?

Yes 3.4
No 94.2
N/A 2.3

Q: Prime Minister Fukuda met with Chinese President Hu Jintao on the occasion of his recent visit to Japan. On the whole, do you appreciate the Japan-China summit?

Appreciate very much 9.3
Appreciate somewhat 36.1
Don't appreciate very much 32.1
Don't appreciate at all 16.9
N/A 5.6

Q: Prime Minister Fukuda and DPJ President Ozawa have taken different political approaches to recent political issues. When you see their stances, which one do you support?

Prime Minister Fukuda 37.0
DPJ President Ozawa 36.9
N/A 26.2

Q: The following questions are about your impression of Prime Minister Fukuda and DPJ President Ozawa. Which one do you think is better in terms of leadership ability?

Prime Minister Fukuda 26.6
DPJ President Ozawa 53.4
N/A 20.0

Q: What about political ideal and goal?

Prime Minister Fukuda 32.9
DPJ President Ozawa 45.0
N/A 22.1

Q: What about reform-oriented efforts?

Prime Minister Fukuda 28.5
DPJ President Ozawa 49.3
N/A 22.2

Q: What about public accountability?

Prime Minister Fukuda 27.7
DPJ President Ozawa 41.6
N/A 30.8

Q: What about friendliness?

Prime Minister Fukuda 55.0
DPJ President Ozawa 24.6
N/A 20.4

Polling methodology
Date of survey: May 17-18.
Subjects of survey: 3,000 persons chosen from among all eligible

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voters throughout the country (at 250 locations on a stratified two-stage random sampling basis).
Method of implementation: Door-to-door visits for face-to-face interviews.
Number of valid respondents: 1,837 persons (61.2 PERCENT).

(2) Calls for accepting unskilled foreign workers gathering momentum

ASAHI (Page 3) (Excerpts)
May 21, 2008

Miako Ichikawa, Daisuke Fukuma, Hiroyuki Komuro

There is a growing argument in Japan for accepting unskilled foreign workers. Those who insist on accepting more unskilled foreign workers tend to jump to the conclusion that doing so is necessary to make up for a shortage of labor. But many in the government are taking a cautious stand on this matter. Behind the rising calls for accepting more unskilled foreign workers is the fact that the numbers of trainees and students who essentially work as unskilled workers and foreign nationals of Japanese ancestry are on the sharp increase.

LDP's parliamentary group suggests accepting immigrants

The members of the ruling Liberal Democratic Party's (LDP) Parliamentary Council to Promote Exchanges with Foreigners met at LDP headquarters on May 15. The members of the council include influential lawmakers, for instance, former Prime Minister Yoshiro Mori and former Secretary General Hidenao Nakagawa. In the meeting, they sketched out an outline of a proposal they plan to submit to the government in June.

The proposal carries shocking contents, for it concludes: "In order to save Japan from the current crisis of a falling population, Japan has no other choice but to accept foreign workers." Assuming that foreign nationals, including unskilled foreign workers, will reside permanently in the country, the proposal suggests that several government ministries and agencies in charge of immigration policies be consolidated into an "immigration agency," and that Japan turn into a multiethnic society where 10 PERCENT of the population are immigrants in 50 years to come. The parliamentary council's Chair Nakagawa said firmly: "Given the shrinking population, Japan has no choice but to follow the path to become a society that will accept and foster immigrants in the 21st century."

Meanwhile, House of Representatives member Jinen Nagase, who came out with his own proposal to accept unskilled foreign workers last May, when he served as justice minister, has now begun trying to put his proposal into practice. This past January Nagase launched a project team on the foreign workers issue under the LDP's National Strategy Office, which is under the direct control of the prime minister. The project team is headed by Nagase himself. In order to come up with a set of proposals by this summer, the project team has been holding discussions with officials in charge from relevant government ministries and agencies as well as representatives of industrial organizations.

One feature of Nagase's private proposal is the introduction of a system of accepting foreign workers for a short period so that they need not have any specialties or technical skills. The system will

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cap the number of foreigners to be accepted every year and limit the

period of their stay in Japan up to three years. They would not be allowed to reenter Japan. After the meeting on May 20, Nagase said: "Some in the party call for other countries' people to immigrate into Japan, but in the project team, aside from the question of immigrants, the team will discuss the question of whether to accept foreign workers."

Government cautious about accepting foreign workers

At present, the foreign nationals whom the government officially accepts as workers are limited to university professors, medical doctors, athletes, and technical experts. The government has been cautious about accepting unskilled workers from other countries.

Above all, the Ministry of Health, Labor and Welfare (MHLW) is in the van of opponents (to accepting unskilled foreign workers). A senior MHLW official noted: "They could bring down domestic workers' wages." At a session on May 9 of the Council on Economic and Fiscal Policy, Minister of Health, Labor and Welfare Masuzoe claimed: "It's a problem to assume an attitude of simply getting more labor at low cost." Masuzoe pointed out social costs related to accepting foreign workers, such as education and public security, would escalate. He insisted that Japan instead should give priority to hiring non-regular domestic workers, women, and elderly people. The MHLW regards nurse and careworker trainees from Indonesia and other countries as exceptions based on the economic partnership agreements (EPAs) with those countries.

The Ministry of Economy, Trade and Industry (METI) is positive about accepting foreign workers, but when it comes to unskilled foreign workers, the ministry is cautious with one senior official noting: "Less competitive industries would be preserved."

The Ministry of Justice (MOJ), a responsible government office for management of foreign residents, is not simply opposed to accepting unskilled foreign workers. In fact, a certain MOJ official claimed: "Foreign workers are essentially indispensable for present-day Japan. Given this, the influx of unskilled foreign workers into Japan is likely to continue. The important thing in this context is to prevent them from being exploited and prepare a good management system for them."

Actually, the recent moves by the MOJ seem to be related to preparations that anticipate a massive influx of foreigners.

This past March, the "Council on Immigration Policy," a private advisory panel to Justice Minister Hatoyama, proposed to consolidate information about addresses registered in municipalities and information about visa status currently under the management of the immigration bureau into an ID card with photos so that the MOJ will manage all information. Based on the proposal, the ministry intends to submit a bill amending the Immigration Control Law to next year's ordinary session of the Diet. If the law is amended, illegal residents could be easily identified.

At a news conference on May 9, Hatoyama articulated: "We will eventually need to discuss the question of whether to accept immigrants. Will Japan adopt an immigration policy or not? We should answer this question in a couple of years to come."

Unskilled foreign workers already incorporated into working places

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as working horse

The MOJ's moves and growing calls in the ruling bloc for accepting unskilled foreign workers reflect the reality in Japan that in addition to a decline in the labor force population in the wake of the falling birth rate, the number of foreign nationals who are engaged in unskilled labor has been already increasing sharply.

As of 2006, the number of foreign nationals of Japanese ancestry who can get jobs in Japan freely reached 370,000, up 140,000 from a decade before (based on the MHLW's estimate). Most of them work at factories as part-timers or contract-based workers. The number of foreign trainees Japan has accepted under the pretext of

international contribution has expanded to some 150,000 (in 2006), about four times as many as the figure one decade ago. Those trainees are an indispensable work force in the machine and textile industries. Now that poor working conditions where they work have been taken up in the Diet, the question of reviewing the current systems (related to foreign workers) is much talked in the government ahead of next year's ordinary Diet session.

(3) Economic growth strategy: Government eyes fund to commercialize untapped technologies

NIKKEI (Top Play) (Full)
May 22, 2008

A draft for the government's economic growth strategies to be released in June was revealed yesterday. According to the plan, the government will set up a fund to help commercialize advanced technologies currently not used by their developers as part of the strategies. The strategies will also propose a tax system that will make it easier for Japanese firms to repatriate income earned abroad. Additionally, the government plans to realize a United Economies and Environment of Asia (UEEA), based on a vast distribution network within the Asian region to be created anew in order for Japanese companies to grow, by receiving the vitality of Asian economies.

Strategies drafted by government aimed at taking in vitality of Asia

The Ministry of Economy, Trade and Industry (METI) has taken the lead in drafting the strategies. METI Minister Akira Amari will present the proposals at a meeting of the Council on Economic and Fiscal Policy (CEFP). The document will serve as the basis for the economic growth strategies to be presented by Prime Minister Yasuo Fukuda possibly in early June and reflected in basic policy guidelines on economic and fiscal management and structural reforms, a basic policy for economic and fiscal management. By pursuing those strategies, the government aims at generating real gross domestic product (GDP) growth of 2 PERCENT over the next 10 years.

The growth strategies focus on technical innovation, global strategies and a low-carbon emission society. For technical innovation, the government will set up a system that will encourage companies to pursue technical innovation. It will establish as early as next fiscal year an innovation and creation organization that can tap around 200 billion yen through fiscal investment and loan programs (FILP funds). It would, for instance, invest in private-sector funds that aim to commercialize patented technologies currently unused by developer. It expects such investment to help

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nurture competitive new companies.

The plan is that METI and the Ministry of Finance (MOF) will invest between 50 and 100 billion yen in the envisaged organization from the investment account in the special FILP account and private companies between 100 and 150 billion yen. The government plans to submit the necessary legislation to next year's Diet session. Since it takes time to nurture new companies, the entities will likely remain in existence for 15 to 20 years as joint-stock corporations.

The government would also consider tax code revisions in order to make companies repatriate income earned overseas. It would also come up with a proposal for introducing a foreign income exemption method, under which dividends Japanese companies receive from their overseas subsidiaries will not be charged corporate taxes. This is because under the current tax code, companies that repatriate profit generated overseas as dividends are charged with the highest corporate taxes among leading countries.

The global strategies will focus on the promotion of the UEEA and economic partnership agreements. The UEEA is a pan-Asian economic alliance for economic policy cooperation involving Japan, China, South Korea, Association of Southeast Asian Nations (ASEAN) members, India, Australia. Under the initiative, the government would

propose a vast distribution network crossing Asia, which would connect southern India, Thailand, Cambodia and Vietnam by a land route and sea, as an Asian Sunbelt. It would map out a commercialization plan by 2011, by conducting a preliminary survey of areas subject to the plan and estimating necessary expenses by 2009. The government intends to back the establishment of industrial complexes and special economic zones, as well as the consolidation of infrastructure, including a road network, ports and harbors.

(4) Initiative to create Asian Economy-Environment Community: Aim being to build industrial distribution artery in Asia; 37 projects planned

ASAHI (Page 7) (Full)
May 22, 1008

The government yesterday unveiled the complete details of its initiative to create a "United Economies and Environment of Asia," which will become the main feature of Japan's growth strategy. The government's initiative includes 37 projects, including an Asian Sunbelt concept of building a main artery of Asia's industrial distribution. The initiative incorporates five numerical targets such as expanding Asia's environmental business market by 4.7 times to 300 trillion yen in 2030.

The Ministry of Economy, Trade and Industry and Environment Ministry will jointly propose the initiative in a meeting tomorrow of the Economic and Fiscal Policy Council. It will be incorporated in "big-boned reform policy guidelines for 2008," which will be compiled in late June.

A total of 16 countries -- Japan, China, South Korea, 10 ASEAN member countries, India, Australia, and New Zealand -- are considered to become members. The government mapped out 9 priority projects from three perspectives: 1) the environment and energy; 2) smooth movements of people and goods; and 3) activation of the consumer market.

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The feature of the initiative is building an Asia Sunbelt, which will link Ho Chi Minh City in Vietnam and Chennai in India by an international bullet train and a sea route. More than 1,800 Japanese-affiliated enterprises have entered into five major cities in the region. The aim is to enhance the efficiency of production by division of labor; for example, exporting automobiles assembled in Thailand with auto parts made in Vietnam.

Data on distribution costs between major cities and the centers of industrial products, and the amounts of time required will be input. In order to reduce distribution costs, network of roads will be improved and the procedures of port services will be integrated.

In the environmental area, the feature is to disseminate Japan's energy conservation technologies (in Asia) -- repairing coal thermal power plants in China. Roadmaps for petroleum stockpiling systems for Asian countries will be mapped out. Also Japan's water-saving technology will be come into wide use.

A policy study organ, which will be set up under Japan's initiative, will assess member countries' environmental policies. A program was set forth to support member countries' efforts for their environmental policies. An "Asia eco-town program" will promote the formulation of a basic plan to urge member countries to improve their recycling facilities.

The member countries will make efforts to upgrade the economy by using information technology. The idea of building an "Asia Internet zone" is intended to create a consumer market on the Internet covering the entire Asia. Demonstration tests will be carried out next year and international settlement and distribution issues will be consolidated by 2011.

(5) Basic Space Law enables Japan to use space for MD, telecom networks

The House of Councillors passed in a plenary session yesterday a law allowing the use of space for military purposes. The bill was backed by the Liberal Democratic Party (LDP), the Democratic Party of Japan, and the New Komeito. In 1969, the Diet adopted a resolution that limited the use of space to nonmilitary purposes. By altering the interpretation of the resolution, the Diet now allows Japan to use space for defense purposes. China's increasing presence in the space area and North Korea's launch of ballistic missiles prompted the LDP defense-policy clique in the Diet and persons related to the defense industry to launch a discussion in 2005 on the use of space for military purposes by stages, fearing that Japan might be left behind in space military competition.

The Association to Consider Space Use for Japan's National Security, a study group of politicians, bureaucrats and business leaders, compiled a set of proposals in the summer of 2006, titled: "A vision on our nation's defense and space." The report was produced by LDP lawmakers lobbying for the interests of the defense industry, senior members of the then Defense Agency, and representatives from companies in the aerospace industry, such as Mitsubishi Heavy Industries Co. and IHI, under Chairman Shigeru Ishiba, who is now defense minister.

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The recommendation report stressed the need for the government to step up efforts to enable the use of space for military purposes in order to promote the missile-defense (MD) system, which Japan decided in 2003 to introduce, spy activities by satellites, and telecommunications infrastructure to communicate Self-Defense Force (SDF) troops being deployed in Iraq or the Indian Ocean. This report clarifies what the government is aiming at by enacting the space legislation.

Take the case of MD, for instance. If a ballistic missile is fired, Japan will receive information from U.S. early-warning satellites on details, such as its liftoff spot and destination.

North Korea fired one Scud missile (with a range of 600 km) and two Nodong-2 missiles (with a range of 2,300 km) into the Sea of Japan in 2006. Additionally, it has been reported that China and North Korea have ballistic missiles with a range of 2,500 km. If the range becomes longer, it will become impossible to detect the fired missile in a wider area. In such a case, we have to depend on early-warning satellites or space homing surveillance satellites. Additionally, it will take time until Japan receives information from the U.S. Given this, the report emphasizes that Japan should deploy its own early-warning satellites, noting: "Automatic space infrastructure" is necessary.

The capabilities of the four information-gathering satellites the government now possesses, such as display resolution, have been kept at the same levels as those of private firms' commercial satellites, based on the 1969 Diet resolution.

The recommendation report says that the level of display resolution needed to confirm equipment installed at surface-to-air missiles or fighters is less than 0.75 meters. The report then proposed that Japan should independently develop a high-performance reconnaissance satellite.

To start communications with Self-Defense Force troops dispatched overseas by immediately opening telecommunications networks, the report deems it "indispensable for Japan to have telecommunications satellites exclusively used to that end." The report emphasizes the limits of private-sector satellites, citing these cases: (1) Six to 12 months were needed to confirm the capacity and security of telecommunications when troops were dispatched to Iraq; and (2) only voice communications are available with Maritime Self-Defense Force troops dispatched on a refueling mission in the Indian Ocean.

Defense Ministry also responsible for "space policy"

Immediately after Japan failed in the launch of the H-2A rocket in November 2008, then Chief Cabinet Secretary Yasuo Fukuda handed a memo to then Education, Culture, Sports, and Technology Minister Takeo Kawamura during a plenary session of the House of Representatives. The handwritten memo depicted an organization chart designed to integrate administrative functions over space policy in the cabinet. While handing the memo over to Kawamura, Fukuda said: "The absence of a control tower for space policy must be ended somehow." In order to dissolve the issue of administrative functions split among the Education Ministry, the Economy, Trade and Industry Ministry, and other government agencies, discussion on the space legislation started around that time.

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"Defense" was cited in the memo as a policy to tackle. It was just what the LDP defense-policy clique hoped for, because the Diet resolution always stood in the way of discussion on the use of space.

The study group specified that the interpretation of the resolution should be reviewed. A measure to lift the ban on the use of space for defense purposes was incorporated in the bill. Under a strategic taskforce to be established under the prime minister based on the Basic Space Law, the Defense Ministry is also likely to be regarded as a competent government agency. In the area of use of space, the Defense Ministry will virtually see its status "upgraded."

(6) Stop cluster bombs - Voices of world and Japan: Interview with Toshiko Hamayotsu, deputy representative of ruling coalition partner New Komeito; Government needs to take a step forward

MAINICHI (Page 7) (Full)
May 22, 2008

Interviewer: Yoshihiko Saito

Cluster munitions are dreadful weapons. They victimize children indiscriminately in particular, and they are inhumane weapons. We should aim ultimately to scrap all cluster munitions.

Major states in the world, such as the United States, Russia, and China, are members of the Conference of the High Contracting Parties to the Convention on Certain Conventional Weapons (CCW). This conference decides everything in line with the principle of unanimous consent. Because of this principle, the conference is slow to take action. As a result, the Oslo Process started. I highly rate the Oslo Process as an alliance of wisdom that is hoping for peace. It was a realistically big step.

The government has said it will actively take part in the Oslo Process, but its attitude appears to somewhat back away from it. Japan should take the position of taking a big step forward toward creating a treaty banning cluster bombs at the Dublin Conference, with the aim of eliminating cluster munitions from the earth.

It is hoped that Japan, as the only country ever to suffer an atomic attack should in dealing with peace and inhumane weapons, including nuclear arsenals, make good use of its position and demonstrate its leadership. It's no good to simply follow others by saying Japan will do so because others do so.

As to the question of what to do about the Convention on the Prohibition of Anti-Personnel Mines, some in Japan initially raised objections to signing the convention, arguing that such mines are a necessary evil, but Japan was finally able to scrap them.

I am not pessimistic about (scrapping all cluster munitions). The point is whether politicians can make a decision. Making a decision is possible once politicians resolve to do so. I pin my hopes on the government's political decision.

Disarmament is a global trend. Possessing cluster bombs without verifying whether they are actually needed is no more than an armchair plan. I think it is questionable to say Japan will suffer a threat if it does not possess such bombs. If such bombs were

actually used (and ordinary citizens were affected), it would be a

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problem. A huge amount of military spending is being expended for something that has nothing to do with the people's daily lives. No debate has occurred on how to reduce such spending, yet the social welfare and education budgets are being cut back. There seems to be a gap in thinking and principles. It is necessary to strike a balance. I believe this is close to the public's view.

(7) Kasumigaseki confidential: Many hurdles to Defense Ministry reform

Bungeishunju (Full) (Page 236)
June 2008

In the wake of a string of scandals, including bribery involving a senior official, the intelligence leakage, and the Aegis collision incident, a plan to reform the Defense Ministry, with which Minister Shigeru Ishiba came up with confidence, has now taken a dark turn.

Ishiba's reform plan proposes merging and realigning functions of the Defense Ministry into three: 1) defense capability buildup; 2) units' operations; and 3) Diet affairs and public relations. Ishiba believes that the evils of the vertically fragmented system will be eliminated by integrating Ground, Air and Maritime Defense Forces and even logistic sections of each force.

Seizing the bribery scandal involving then Administrative Vice Minister Takemasa Moriya, Ishiba in January this year carried out unscheduled personnel changes and rooted out the Moriya-led group in the ministry. Ishiba did not get along with Moriya while he was serving as director general of the former Defense Agency. He then appointed Nobushige Takamizawa, with whom he has close ties, as director general of the Defense Policy Bureau, and Hideshi Tokuchi as director general of the Operational Policy Bureau. However, it is ironic that such Ishiba aides as Takamizawa and Tokuchi are reluctant to accept Ishiba's ministry reform plan. This stems from not just an antagonism between Self-Defense Forces (SDF) personnel, referred to as the "uniforms," and civilian officials or "suits," within the ministry.

Another reason for their opposition to Ishiba's reform plan is the political situation, including the lack of momentum of the administration of Prime Minister Fukuda. In opinion polls, the approval rates for the Fukuda cabinet have plunged to the 20 percent level. The commonsense view in the bureaucracy is that drastic organizational reform at a time when the cabinet has lost its strength will end up as nothing but talk.

In addition, due to the present divided Diet situation in which the opposition controls the Upper House, while the ruling camp has the majority in the Lower House, there is no possibility that a bill revising the Defense Ministry Establishment Law, intended to reform the ministry, will clear the Diet even if it is submitted. Vice Minister Kohei Masuda is unlikely to support Ishiba's reform plan, even though he has close ties to Ishiba.

With an eye on the declining support rates for the Fukuda cabinet, calls for a cabinet shuffle have become stronger in the government and ruling bloc. These moves are nothing but a headwind for Ishiba, whose reform has taken on a highly conservative military organization. The government panel on reform of the Defense Ministry intends to compile a reform plan probably in June, but it does not appear likely that a schedule for completion of a reform plan will

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be arranged.

SCHIEFFER